

State of Alaska FY2008 Governor's Operating Budget

Department of Labor and Workforce Development Business Partnerships Results Delivery Unit Budget Summary

Business Partnerships Results Delivery Unit

Contribution to Department's Mission

The Business Partnerships RDU contributes to the department's mission by designing and implementing employment and training programs that align with Alaska business and industry workforce demands and that result in participant employment and in building a prepared workforce.

Core Services

The Business Services component designs and implements programs based upon the broad policy oversight of the Alaska Workforce Investment Board and upon Alaska business and industry demands for a trained workforce. Business Services provides administration, technical assistance, program development and design, reporting of program performance and evaluation, and grant management of federal and state funds.

The Workforce Investment Board component supports the Alaska Workforce Investment Board (AWIB), which is responsible for the oversight and continuous improvement of the federal, state, and local partnerships that implement the workforce investment system. This component provides staff to the AWIB and provides policy planning for the training and employment resources for state and federal programs.

The Alaska Vocational Technical Center (AVTEC) offers post-secondary vocational technical education and training for Alaskans. AVTEC provides long-term training in 15 different business and industry fields and a wide variety of short-term training and educational programs. AVTEC coordinates with secondary education programs in preparing career paths for Alaska high school students to fill the 70 - 80% of jobs that do not require a college degree.

The Kotzebue Technical Center Operations Grant component provides funds to the Alaska Technical Center (ATC) located in Kotzebue. ATC offers residential adult vocational training through the Northwest Arctic Borough School District. ATC operates programs in building industrial technology, office occupations, mine maintenance technology and health occupations in addition to short-term training in response to statewide industry needs.

The Southwest Alaska Vocational and Education Center Operations Grant component provides market driven vocational and technical training in rural Alaska.

The Yuut, Elitnaurviat, Inc. People's Learning Center Operations Grant component will provide a career learning center for adults and high school students with a focus on health, education including early childhood, aviation and construction.

The Northwest Alaska Career and Technical Center (NACTEC) component provides high school students with the necessary resources and skills to prepare them for skilled employment opportunities and the pursuit of postsecondary education. At NACTEC, students receive instruction in four focus areas: career and technical skills, career exploration, life skills and soft skills.

| End Results | Strategies to Achieve Results |
|---|--|
| <p>A: Increase un-subsidized employment through job training.</p> <p><u>Target #1:</u> Increase to 97 percent the participants satisfied with services.</p> <p><u>Measure #1:</u> Percent of participants satisfied with services.</p> <p><u>Target #2:</u> At least 95 percent of trained participants will enter employment</p> <p><u>Measure #2:</u> Percent of trained participants entering</p> | <p>A1: Maximize the degree to which workforce investment resources are invested according to the industry priorities of the Alaska Workforce Investment Board (AWIB).</p> <p><u>Target #1:</u> At least 60 percent of participants are trained in occupations aligned with the AWIB's industry priorities.</p> <p><u>Measure #1:</u> Percent of participants trained in priority industry occupations.</p> <p>A2: Maximize the return on investment for training</p> |

| | |
|------------|---|
| employment | <p>resources.</p> <p><u>Target #1:</u> At least 90 percent of AVTEC long-term graduates are employed in their area of training.</p> <p><u>Measure #1:</u> The percent of AVTEC long-term graduates employed in their area of training.</p> <p><u>Target #2:</u> Within six months of training, 50 percent of a participant's training costs will be matched by earning changes.</p> <p><u>Measure #2:</u> Change in participant's earnings after six months equaling 50 percent of the cost of training.</p> <p>A3: Meet all negotiated performance standards set by the Alaska Workforce Investment Board and USDOL.</p> <p><u>Target #1:</u> Meet all negotiated performance standards.</p> <p><u>Measure #1:</u> The number of negotiated performance standards that are met.</p> <p><u>Target #2:</u> At least 77 percent of AVTEC students complete long-term programs.</p> <p><u>Measure #2:</u> The percent of AVTEC students who complete long-term programs.</p> |
|------------|---|

Major Activities to Advance Strategies

| | |
|--|---|
| <ul style="list-style-type: none"> • Management Information System (MIS) training for all grantees on a continuous as-needed basis. MIS data conversion and system redesign. • MIS common measure training package delivered to frontline staff and sub-recipients by 09/30/07. • Submit Report on Training programs by 02/15/07. • Update Eligible Training Provider List (ETPL) procedures by 03/30/07. • Conduct National Emergency Grant (NEG) program evaluation by 09/30/07. • Conduct Alaska's High Growth Job Training Initiative for the Energy Industry program evaluation by 12/31/07. • Submit annual WIA report to USDOL by 10/15/07. • Update WIA state plan as prescribed by the impending congressional reauthorization of the Workforce Investment Act. • Define and improve upon program and financial management monitoring, grant solicitation, and negotiation procedures to ensure compliance. • Determine level of GF investment in workforce development in light of federal funding reductions and employer demand for a prepared Alaska workforce. • Through new legislation, extend the State Training and Employment Program (STEP) that expires on June 30, 2008 and update regulations. • Continue the Youth First Initiative through coordination with business, industry and school districts to introduce students to high demand jobs. | <ul style="list-style-type: none"> • Review and identify High Priority Industries and Occupational Priorities for training by 03/30/07. • Assist teachers in understanding and using industry job standards in the classroom. • Continue Alaska Workforce Investment Board endorsed sector strategic plans to maximize Alaska workforce preparation and hire Alaskans. • AVTEC-Employ full-time placement specialist to coordinate directly with employers to place AVTEC students in jobs upon graduation. • AVTEC-Host an employment fair at AVTEC in Seward. • AVTEC-Integrate job search, resume writing, and interview training into all AVTEC long-term training programs. • AVTEC-Invite industry professionals to participate in mock interviews with AVTEC students. • AVTEC-Maintain industry advisory boards for each training program to ensure quality and relevance of training. • AVTEC-Achieve annual nationally recognized skill standards certifications for each training program. • AVTEC-Conduct student field trips to industry work sites and career fairs. • AVTEC-Coordinate with student sponsors to improve application screening to help increase prospective student success. |
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FY2008 Resources Allocated to Achieve Results

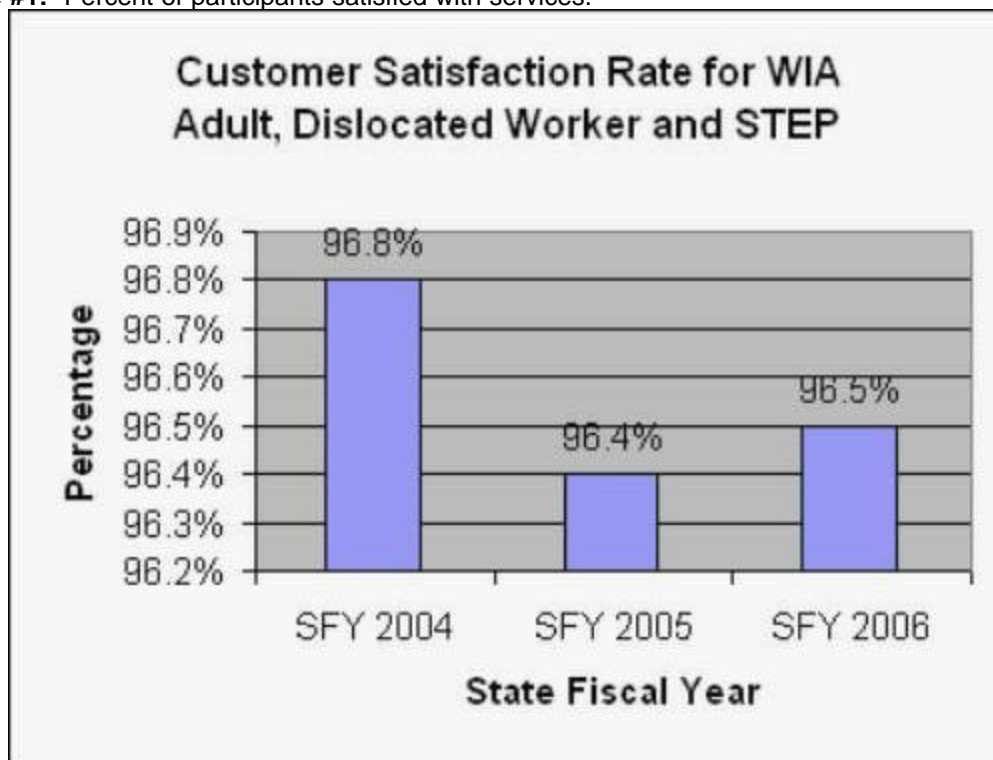
FY2008 Results Delivery Unit Budget: \$58,790,900

Personnel:

| | |
|--------------|------------|
| Full time | 61 |
| Part time | 58 |
| Total | 119 |

Performance Measure Detail

A: Result - Increase un-subsidized employment through job training.

Target #1: Increase to 97 percent the participants satisfied with services.**Measure #1:** Percent of participants satisfied with services.

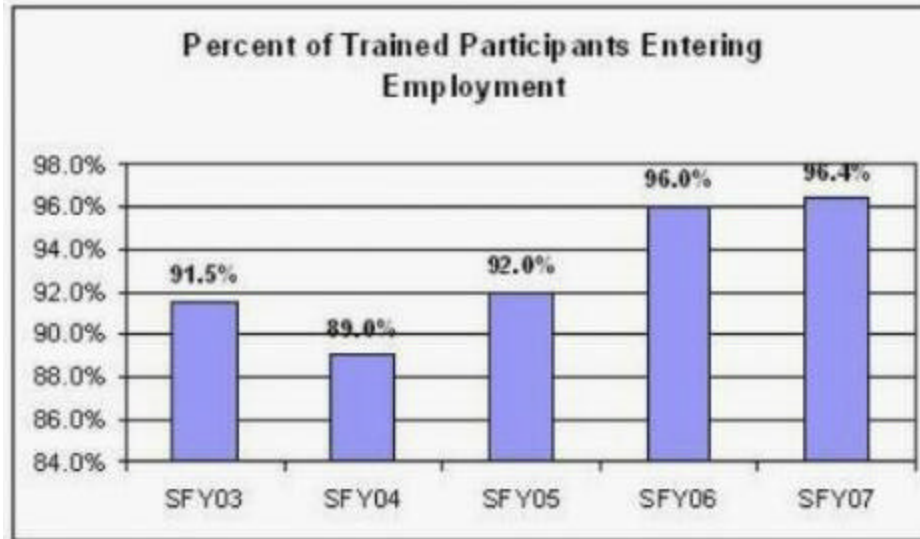
Response Count for Customer Satisfaction

| Fiscal Year | Rating 1-4 | Rating 5-7 | Rating 8-10 | Total Responders |
|-------------|------------|------------|-------------|------------------|
| FY 2004 | 82 | 337 | 899 | 1,318 |
| FY 2005 | 65 | 289 | 883 | 1,237 |
| FY 2006 | 89 | 354 | 1,262 | 1,705 |

Analysis of results and challenges: The satisfaction rate is combined for the following training programs; WIA Adult, WIA Dislocated Worker, and the State Training Employment Program (STEP). Participants who have received training services are contacted and asked to participate in the survey. Participants are asked to rate their satisfaction with the services they received on a scale of 1 to 10 where 1 is poor and 10 is excellent.

Target #2: At least 95 percent of trained participants will enter employment

Measure #2: Percent of trained participants entering employment



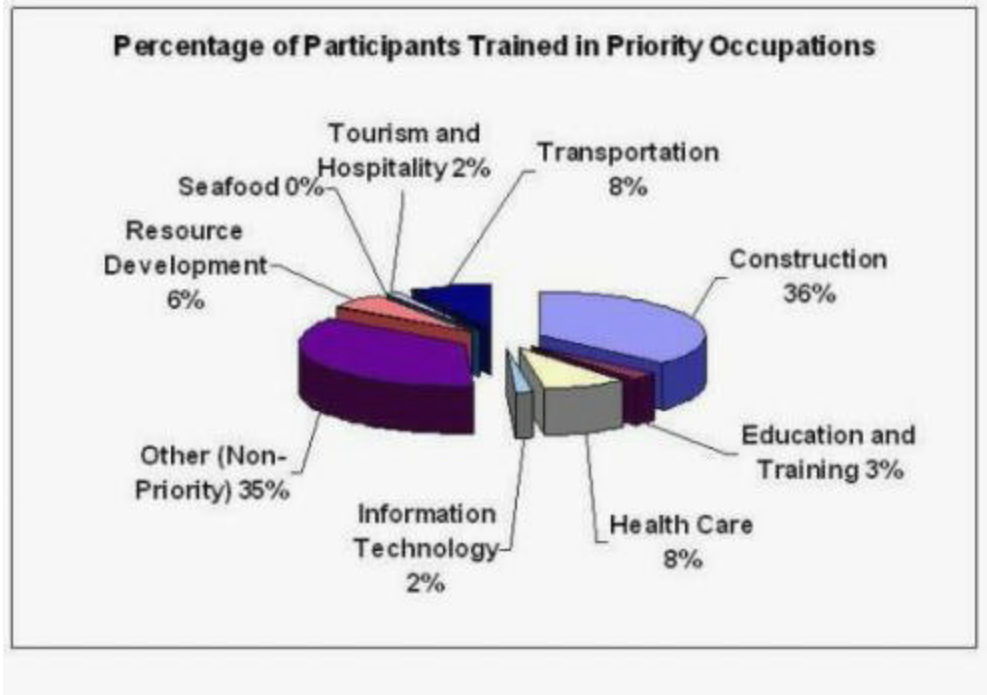
Analysis of results and challenges: We determined an aggregate percentage for the Entered Employment Rate that accounts for performance in multiple training programs. We have historical data for the Entered Employment rate for the following programs: WIA Adult, WIA Youth, WIA Dislocated Worker, and the State Training Employment Program (STEP). For SFY 2006 there were a total of 2,629 participants that completed their training of which 2,525 were employed within one year of program participation. SFY07 represents the first quarter of the current state fiscal year ending September 30, 2006.

Business Partnerships has increased its efforts for data accuracy and follow-up with participants after exit. This has provided better outcome numbers for those employed but whose wages do not show up on UI wage data.

A1: Strategy - Maximize the degree to which workforce investment resources are invested according to the industry priorities of the Alaska Workforce Investment Board (AWIB).

Target #1: At least 60 percent of participants are trained in occupations aligned with the AWIB's industry priorities.

Measure #1: Percent of participants trained in priority industry occupations.



Analysis of results and challenges: We continue to allocate our limited training resources focused on priority industries to increase the likelihood that training participants will obtain employment in alignment with these priorities. We use industry priority occupations as criteria of grant awards. The prioritization of industries is based upon demand, growth and high non-residency. The current priority occupations are in the following industries: Health Care, Transportation, Hospitality, Seafood, Education, Construction, Information Technology, and Resource Development.

SFY2004 57% in priority industry occupations

SFY2005 58% in priority industry occupations

SFY2006 62% in priority industry occupations

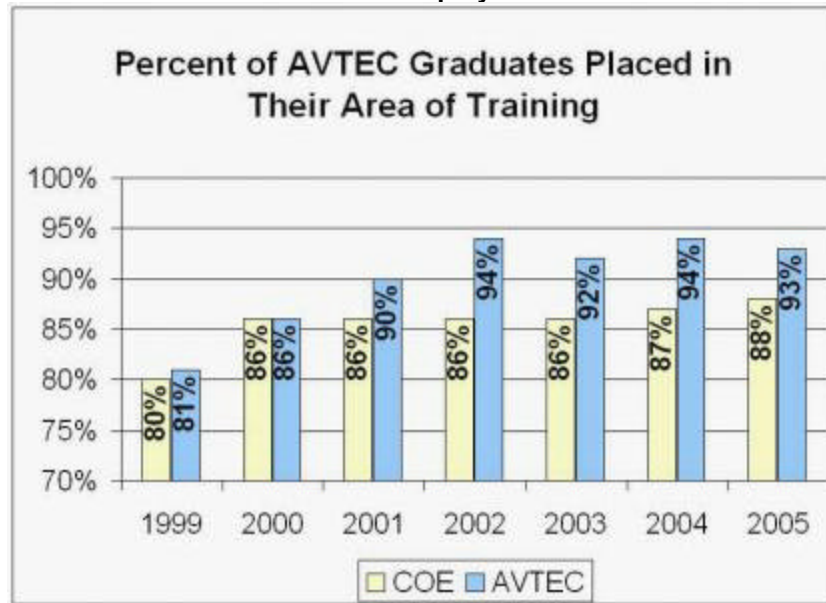
SFY2007 65% in priority industry occupations (fiscal year to date)

Our Management Information System (MIS) participant data for the first quarter of SFY2007 shows approximately 65% of clients were trained in priority industry occupations. The strategies and processes provide clear direction and encouragement for training participants in priority industry occupations. In addition, we use these priorities to encourage but not require participants as they utilize their "customer choice" options for training.

A2: Strategy - Maximize the return on investment for training resources.

Target #1: At least 90 percent of AVTEC long-term graduates are employed in their area of training.

Measure #1: The percent of AVTEC long-term graduates employed in their area of training.

Percentage of AVTEC Graduates Who Are Employed

Analysis of results and challenges: The Council on Occupational Education (COE) has nationally accredited AVTEC since 1997. The COE benchmark for measuring "graduates of long-term programs employed in their area of training" is established as the national average of more than 370 similar public post-secondary institutions. For each year from 1999 to 2005, AVTEC has consistently met or exceeded the benchmark. AVTEC only tracks the long-term (longer than six weeks) program graduates for this measure.

Graduates are followed for one year for employment purposes so graduate values continue to increase on a monthly basis. For 2005, of 259 long-term graduates, 241 gained employment in their area of training.

Target #2: Within six months of training, 50 percent of a participant's training costs will be matched by earning changes.

Measure #2: Change in participant's earnings after six months equaling 50 percent of the cost of training.

Combined Rate of Return on Investment for STEP & WIA Programs

| Fiscal Year | Earnings Change | Expenditures | % of Expenditures |
|-------------|-----------------|--------------|-------------------|
| FY 2006 | \$8,638,404 | \$12,902,312 | 67.0% |

Analysis of results and challenges: The Division of Business Partnerships calculates the combined rate of Return on Investment for the State Training and Employment Program (STEP) and federal Workforce Investment Act (WIA) programs by dividing the aggregate difference of pre and post earnings by the amount expended in the same state fiscal year.

With declining WIA funds the division is putting more emphasis on grantee's being more cost aware in their grant negotiations and training costs per participant. Given that, we should see a better return on investment in the coming year.

A3: Strategy - Meet all negotiated performance standards set by the Alaska Workforce Investment Board and USDOL.

Target #1: Meet all negotiated performance standards.

Measure #1: The number of negotiated performance standards that are met.

| Program Measure | Goal | Actual |
|---|---------|---------|
| Adult Entered Employment Rate | 72.0% | 72.0% |
| Adult Retention Rate | 83.0% | 82.5% |
| Adult Six Month Earnings Change | \$5,000 | \$6,211 |
| Dislocated Worker Entered Employment Rate | 77.0% | 74.6% |
| Dislocated Worker Retention Rate | 88.0% | 84.3% |
| Dislocated Worker Six Month Earnings Change | \$2,200 | \$4,434 |
| Older Youth Entered Employment Rate | 70.0% | 77.3% |
| Older Youth Retention Rate | 72.0% | 82.1% |
| Older Youth Six Month Earning Change | \$3,600 | \$4,263 |

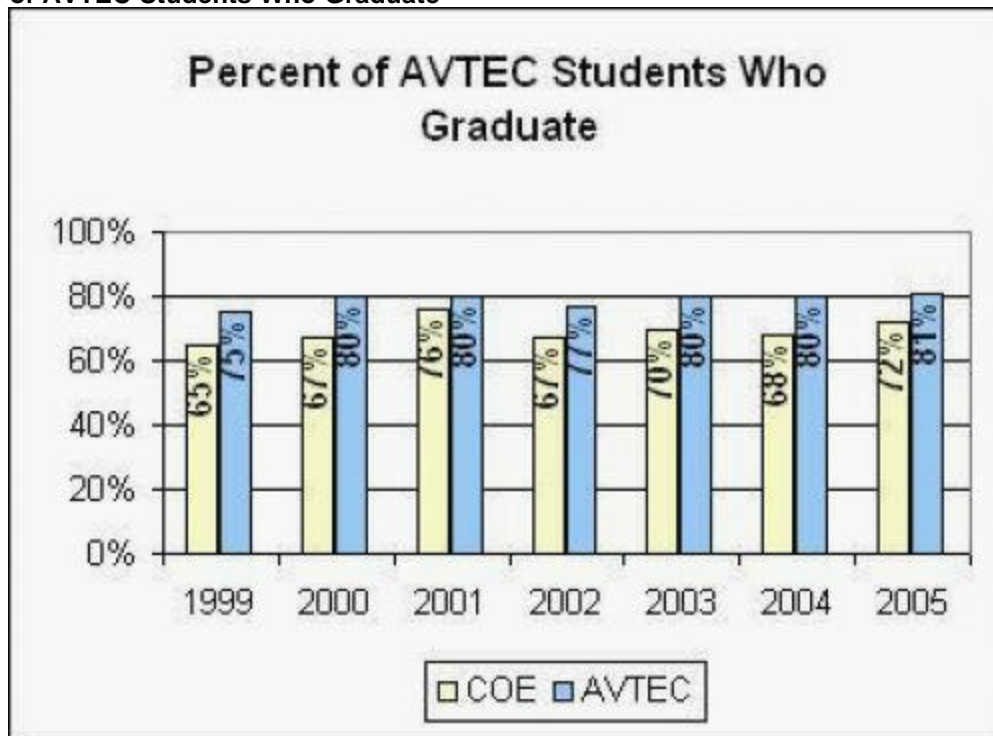
Analysis of results and challenges: There are a total of 22 state and federal negotiated performance standards for the WIA Adult, Dislocated Worker, Youth and STEP programs. These measures vary by program and by program year. For SFY06 Business Partnerships met or exceeded all of our measures according to the acceptable performance levels set by the US Department of Labor, which states that if you are within 80% of your negotiated performance rate, you have met your goal.

Some of the most important measures include the Entered Employment Rate, Retention Rate and Earnings Increase. These measures show outcomes for participants that have exited a training program. These rates show that not only are over 72% of all of our participants exiting our programs and gaining employment but also have an average annual positive increase to their wages by over \$2,400 for Adults, by \$4,400 for Dislocated Workers and by over \$1,320 for Older Youth.

Target #2: At least 77 percent of AVTEC students complete long-term programs.

Measure #2: The percent of AVTEC students who complete long-term programs.

Percentage of AVTEC Students Who Graduate



Analysis of results and challenges: The Council on Occupational Education (COE) has nationally accredited AVTEC since 1997. The COE benchmark for measuring "students that complete long-term training programs" is established as the national average of more than 370 similar public post-secondary institutions. For each year from 1999 to 2005, AVTEC has consistently exceeded the benchmark.

Most of AVTEC's programs are 8-10 months long so values will continue to increase on a monthly basis. For 2005, of 343 students (excluding those still enrolled), 279 graduated.

Key RDU Challenges

Face federal formula funding reductions and rescissions and prepare contingencies by seeking supplemental funding sources and leveraging funds through partnerships with Alaska business and industry.

Monitor the Congressional reauthorization of the federal Workforce Investment Act in 2006. The mandate to implement common performance measures across all employment and training programs, and potential changes to Youth, Adult and Dislocated Worker program design and funding will influence Alaska's employment and training program outcomes.

Increase the involvement of business and industry in Alaska's workforce investment system and increase job-training resources in Governor and Commissioner identified priority industries.

As a private sector led advisory body for the governor the AWIB is striving to increase the involvement of business and industry employers in developing Alaska's workforce investment system.

Significant Changes in Results to be Delivered in FY2008

We have been advised of continuing reductions in federal Workforce Investment Act (WIA) formula funding. Also funding for several special federal initiatives will end during FY08. This continued loss of funding will result in service reductions throughout the department and will reduce the number of training grants available.

Continue the Alaska Youth First Initiative by requesting a \$3,450.0 increment in General Funds for training up the future Alaska workforce in high-growth industries and prepare Alaska's youth for careers and best-bet occupations. This will replace funding dedicated to training youth and advancing vocational technical education in Alaska's schools from the federal High Growth Job Training Initiative award that ends in FY08.

A proposal to increase State Training and Employment Program (STEP) revenues through legislation will help to offset the trend of continuing reductions in WIA funding so that approximately 5,600 more Alaskans who might have been recipients of federal training dollars may gain employment through STEP-funded training. Seek program reauthorization and expansion in the next legislative session. Included in this budget request is a one time increase in STEP authorization of \$500.4 to use the carry forward balance of the STEP account to provide additional training opportunities to Alaskans.

The Alaska Vocational Technical Center (AVTEC) has received a federal Economic Development Administration grant for distance training equipment and is requesting a Capital Project to provide \$750.0 in Federal authorization and \$329.0 in General Funds for a portion of the match requirements. As a result of this project 5 or 6 training centers in rural Alaska will receive distance technology equipment and staff training in its use. This will greatly improve access to vocational/technical training for rural Alaskans in these regions.

Major RDU Accomplishments in 2006

Designed program and implemented goals of the \$7 million grant award under the President's High Growth Job Training Initiative (HGJTI). Increased capacity to recruit and train workers for careers in the energy industry, and acquired a no-cost extension for the project to continue through FY08 to conduct in-depth evaluation, demonstrate success of the pilot project and share best practices among the national workforce investment system.

Expanded youth component of HGJTI to award over \$3 million in grants to deliver services in FY06 and FY07 to youth encouraging skill development in vocational technical areas, new apprenticeship opportunities, outreach strategies, work experience and enhancement of literacy and math skills required by high-growth industries.

Developed and implemented goals of Alaska's Pipeline Worker Training Earmark Grant, training 200 workers in pipeline construction to meet demand for certified heavy equipment operators, skilled laborers, welders, truck drivers and surveyors for full employment with North Slope Contractors in pipeline construction jobs.

Developed and implemented goals of Alaska's Youth First Initiative with an \$850,000 General Fund investment to target employment, training, and career awareness services to 1,045 youth for employability skills, career awareness, pre-vocational training, teacher-industry externships, student internships and summer youth academies.

Continued redesigning service delivery of Rapid Response program to better identify potential worker dislocations and respond effectively to all business downsizings. The team worked with 123 business closures or downsizings affecting over 500 workers in FY06.

Achieved the negotiated Workforce Investment Act, Title IB performance level goals in all categories for Program Year 05. The Youth, Adult, and Dislocated Worker programs exceeded six of the 12 negotiated measures and improved performance on six measures from Program Year 04.

The Alaska Vocational Technical Center enrolled a total of 1,243 students in FY06. Of those, 385 were enrolled in long-term (six weeks or longer) training programs with a completion rate of 82%.

Contact Information

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**Business Partnerships
RDU Financial Summary by Component**

All dollars shown in thousands

| | FY2006 Actuals | | | | FY2007 Management Plan | | | | FY2008 Governor | | | |
|--------------------------------|------------------|------------------|-----------------|-----------------|------------------------|------------------|-----------------|-----------------|------------------|------------------|-----------------|-----------------|
| | General Funds | Federal Funds | Other Funds | Total Funds | General Funds | Federal Funds | Other Funds | Total Funds | General Funds | Federal Funds | Other Funds | Total Funds |
| <u>Formula</u> | | | | | | | | | | | | |
| <u>Expenditures</u> | | | | | | | | | | | | |
| None. | | | | | | | | | | | | |
| <u>Non-Formula</u> | | | | | | | | | | | | |
| <u>Expenditures</u> | | | | | | | | | | | | |
| Workforce Investment Board | 0.5 | 138.5 | 449.5 | 588.5 | 1.8 | 0.0 | 871.8 | 873.6 | 61.6 | 0.0 | 600.8 | 662.4 |
| Business Services | 1.9 | 22,004.3 | 5,520.5 | 27,526.7 | 857.5 | 32,236.1 | 6,719.3 | 39,812.9 | 4,317.7 | 32,158.4 | 7,270.1 | 43,746.2 |
| AVTEC | 3,648.2 | 211.5 | 4,557.1 | 8,416.8 | 4,824.3 | 450.0 | 4,214.7 | 9,489.0 | 5,787.5 | 450.0 | 4,464.2 | 10,701.7 |
| AVTEC Facilities Maintenance | 0.0 | 0.0 | 1,055.8 | 1,055.8 | 0.0 | 0.0 | 1,337.2 | 1,337.2 | 0.0 | 0.0 | 1,597.7 | 1,597.7 |
| Kotzebue Tech Operations Grant | 0.0 | 0.0 | 561.9 | 561.9 | 0.0 | 300.0 | 876.4 | 1,176.4 | 600.0 | 0.0 | 626.9 | 1,226.9 |
| SAVEC Operations Grant | 0.0 | 0.0 | 205.3 | 205.3 | 0.0 | 0.0 | 209.6 | 209.6 | 0.0 | 0.0 | 228.0 | 228.0 |
| Yuut Operations Grant | 0.0 | 0.0 | 205.3 | 205.3 | 0.0 | 0.0 | 209.6 | 209.6 | 0.0 | 0.0 | 228.0 | 228.0 |
| Northwest Alaska Center | 400.0 | 0.0 | 0.0 | 400.0 | 400.0 | 0.0 | 0.0 | 400.0 | 400.0 | 0.0 | 0.0 | 400.0 |
| Totals | 4,050.6 | 22,354.3 | 12,555.4 | 38,960.3 | 6,083.6 | 32,986.1 | 14,438.6 | 53,508.3 | 11,166.8 | 32,608.4 | 15,015.7 | 58,790.9 |

Business Partnerships
Summary of RDU Budget Changes by Component
From FY2007 Management Plan to FY2008 Governor

All dollars shown in thousands

| | <u>General Funds</u> | <u>Federal Funds</u> | <u>Other Funds</u> | <u>Total Funds</u> |
|--|----------------------|----------------------|--------------------|--------------------|
| FY2007 Management Plan | 6,083.6 | 32,986.1 | 14,438.6 | 53,508.3 |
| Adjustments which will continue current level of service: | | | | |
| -Workforce Investment Board | 59.8 | 0.0 | -59.0 | 0.8 |
| -Business Services | 0.0 | 0.1 | 0.0 | 0.1 |
| -AVTEC | 192.3 | 0.0 | -168.3 | 24.0 |
| -Kotzebue Tech Operations Grant | 600.0 | -300.0 | -300.0 | 0.0 |
| Proposed budget decreases: | | | | |
| -Workforce Investment Board | 0.0 | 0.0 | -271.8 | -271.8 |
| -Business Services | 0.0 | -306.9 | 0.0 | -306.9 |
| Proposed budget increases: | | | | |
| -Workforce Investment Board | 0.0 | 0.0 | 59.8 | 59.8 |
| -Business Services | 3,460.2 | 229.1 | 550.8 | 4,240.1 |
| -AVTEC | 770.9 | 0.0 | 417.8 | 1,188.7 |
| -AVTEC Facilities Maintenance | 0.0 | 0.0 | 260.5 | 260.5 |
| -Kotzebue Tech Operations Grant | 0.0 | 0.0 | 50.5 | 50.5 |
| -SAVEC Operations Grant | 0.0 | 0.0 | 18.4 | 18.4 |
| -Yuut Operations Grant | 0.0 | 0.0 | 18.4 | 18.4 |
| FY2008 Governor | 11,166.8 | 32,608.4 | 15,015.7 | 58,790.9 |